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June 6, 2003

To the Citizens of Fairfax County:

I am pleased to present the FY 2004 Adopted Budget Plan, a budget that is both responsive and responsible to those who call Fairfax County home. It is responsive to the community's priorities, from the very young to seniors, and continues to address the needs of our most vulnerable citizens. This budget emphasizes our community-wide priorities of education, public safety and human services – themes that the Board of Supervisors heard repeatedly during the public hearings as well as through many other opportunities for public input.

Just as important, the budget reflects a responsible stewardship for County resources. With real estate values rising by double digits for successive years, a phenomenon we have not seen since the late 1980s, the Board took action to reduce the real estate tax rate by another 5 cents – from \$1.21 to \$1.16 per \$100 assessed value. This brings the total reduction over two years to 7 cents, saving the average household \$220 annually. To place this fiscal plan in context:

- ***The County's General Fund Revenue is increasing a modest 4.75 percent for FY 2004.*** Of the \$116.0 million increase, all but \$13.9 million, less than 1 percent of total General Fund revenue, comes from the increase in Real Estate Taxes. Almost all other sources are flat or negative, requiring this increased reliance on the real property tax to balance the budget and provide services that County residents have repeatedly told us they rely upon and value highly. Nevertheless, we continue to be concerned about this over-reliance on the real estate tax and are dedicated to addressing that condition.
- ***Each penny of the Real Estate Tax is worth \$13 million. In order to reduce the tax rate by 5 cents, a combination of expenditure cuts and revenue enhancements totaling \$65 million was necessary.*** To achieve this additional 5-cent tax reduction, the Board of Supervisors decreased expenditures by \$51.3 million, bringing the total budget cuts over the past three years to approximately \$104 million, and identified \$13.7 million in other options including revenue diversification. Consequently, Direct Expenditures in the County's General Fund are actually decreasing almost 1 percent and staffing will decrease by a net 75 positions from FY 2003. Furthermore, this represents an increase of only 91 positions or 0.8 percent since FY 1991 despite a population increase of over 24 percent and the opening of 150 new or expanded facilities.
- ***Overall, General Fund Disbursements are increasing 2.77 percent, mainly attributable to an increase of 5.95 percent for the transfer to Fairfax County Public Schools (FCPS).*** FCPS will receive over 53 percent of County disbursements, the highest level in over 20 years. This reflects our commitment to education, the cornerstone of every democratic society. Our investment continues to pay dividends in high student achievement levels and was emphasized recently when Fairfax County was highlighted by *Newsweek* magazine as the only large public school district in the country to have all of its high schools named as the most challenging in the United States.

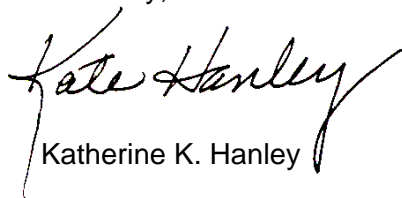
Public safety is another quality of life aspect that County residents repeatedly emphasize and value. It is made all the more critical by the geopolitical environment in which we now live. Since September 11, 2001, Fairfax County has borne significant expenses related to homeland security. Every time we ratchet up the threat level, we incur additional expenses to protect County residents. Our Police Department is already one of the most efficient in the country, with low staffing and high performance as seen through its clearance rates. We will enhance our investment in FY 2004 with \$5.2 million in funding for 52 additional police officers for which we will receive three years of funding support through the U.S. Department of Justice's Community Oriented Policing Universal Hiring Program. To address increasing service demands associated with population increases, the Board also included funding of \$3.9 million and 15 positions in anticipation of the opening of two new fire stations in FY 2005. This action will ensure that County residents receive appropriate response times for these critical fire and emergency medical services.

During the difficult deliberations on the FY 2004 budget, we took steps to preserve our most critical human services and minimized cuts in those programs. Protecting its most vulnerable members is the true mark of a caring and compassionate community. I am also proud of the many partnerships Fairfax County has with both the private and nonprofit sectors to address these needs. We recognize the limitations of government in that we do not have the answers, resources or capacity to solve all problems. By working with our partners, we are able to achieve exponential returns for all citizens.

The excellent quality of life in Fairfax County continues to attract residents who value our schools, parks, libraries, public safety, and human services. The County has been and continues to be, the recipient of numerous awards in a variety of categories throughout the years. We are not however, content to rest on our laurels. Continuous improvement is the way we operate. Otherwise we would not have been able to achieve the productivity gains that we have made, particularly in recent years. As noted previously, Fairfax County's population has increased by over 24 percent since FY 1991 – more than the entire population of Arlington County – while our employee count has grown by less than one percent.

I have been extremely honored and humbled to have led this outstanding jurisdiction in recent years. Even when facing significant challenges, both financially and operationally, we have always retained the vision of a caring and sustainable community that listens and responds to its citizens' needs, while managing responsibly and living within its means.

Sincerely,

A handwritten signature in black ink, reading "Kate Hanley". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Katherine K. Hanley